

Message Text

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ORIGIN EUR-12

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DRAFTED BY EUR/EE:DNMILLER/RN

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NSC, COMMERCE; TREASURY

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TO AMEMBASSY WARSAW

C O N F I D E N T I A L STATE 276461

E.O. 11652: GDS

TAGS:EFIN, ETRD, OSCI, BEXP, PL

SUBJECT: BILATERAL ECONOMIC MATTERS - CALL ON MR. ARMITAGE

1. AMBASSADOR TRAMPCZYNSKI MET NOVEMBER 10 FOR ECONOMIC TOUR D'HORIZON WITH DEPASSTSEC ARMITAGE. THE MAJOR BILATERAL ECONOMIC ISSUES WERE DISCUSSED, WITH SOME NEW GROUND COVERED ON BOTH DANZIG BONDS/GOLD AND ON THE POLISH COLOR TV PROJECT.

2. JOINT SCIENCE FUND/EXCESS CURRENCY DESIGNATION:
AMBASSADOR NOTED GOP FEARS THAT THE TREASURY DEPT ACTION TO ADVANCE THE TIME WHEN U.S.-HELD ZOLTYS WOULD CEASE TO BE DESIGNATED "EXCESS" WOULD ADVERSELY AFFECT U.S. SCIENCE FUND COMMITMENT. MR. ARMITAGE REPLIED THAT THERE HAD RECENTLY BEEN A MEETING IN THE DEPARTMENT TO IMPRESS UPON
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U.S. RESEARCH AGENCIES THE NEED FOR HARD WORK TO ACCELERATE

RESEARCH PLANNING. TRAMPCZYNSKI INQUIRED WHETHER THE TREASURY DECISION COULD BE CHANGED. MR. ARMITAGE EXPLAINED THE REASONS JUSTIFYING THE DECISION, AND THAT THE MATTER HAD BEEN AGAIN RAISED WITH TREASURY.

3. DANZIG BONDS/GOLD: REPLYING TO TRAMPCZYNSKI'S QUERY ON DANZIG GOLD, ARMITAGE DISCUSSED THE BOND SETTLEMENT. WOODS AND ARMITAGE MET NOVEMBER 6, AND ARMITAGE HAD BEEN TOLD THAT THE NEXT STEP WAS FOR THE BONDHOLDERS COUNCIL TO HEAR FROM THE POLISH EMBASSY FINANCIAL COUNSELOR, CHYLINSKI, WHEN SETTLEMENT WOULD TAKE PLACE. ARMITAGE THEN SUGGESTED THE AMBASSADOR MIGHT REALLY HAVE WISHED TO DISCUSS THE GOLD RETURN ITSELF. THE BRITISH AND FRENCH, TRAMPCZYNSKI NOTED, ARE NOW PREPARED TO INSTRUCT THE TRIPARTITE GOLD COMMISSION (TGC). MR. ARMITAGE POINTED OUT THAT FOR THE U.S. THE KEY ELEMENT NECESSARY WAS PUBLICATION OF THE BOND SETTLEMENT. U.S. ACTION ON THE GOLD WOULD FOLLOW, NOT PRECEDE, BOND SETTLEMENT PUBLICATION. TRAMPCZYNSKI INDICATED THAT HIS GOVERNMENT NEEDED TO BE ASSURED OF THIS FOLLOW-UP. ARMITAGE THEN ASKED WHETHER THE POLES WANTED THIS VERBALLY OR IN WRITING, WHILE NOTING THAT ON OUR SIDE FURTHER CONGRESSIONAL CONSULTATION WAS NEEDED. TRAMPCZYNSKI PROMISED DEPASSTSEC A RESPONSE ON GOP VIEW ON BONDS/GOLD ACTION, AND SAID TO DEPT OFF ON DEPARTURE THAT HE PERSONALLY FAVORED A WRITTEN STATEMENT FROM USG OF THE PARALLELISM.

4. AIRWORTHINESS AGREEMENT: WE AGREED TO FORWARD POLISH EMBASSY A COPY OF THE PROPOSED AGREEMENT.

5. POLISH HAM COUNTERVEILING DUTY: CONCERN WAS EXPRESSED BY AMBASSADOR THAT THE COUNTERVEILING DUTY ACTION AGAINST EEC CANNED HAMS MIGHT BE FOLLOWED BY ACTION AGAINST POLISH HAMS. CANNED HAMS ARE THE MOST IMPORTANT POLISH EXPORTS TO US. (NOTE: IN FIRST 8 MONTHS OF THE YEAR, 63 OF THEIR EXPORTS TO US.) ARMITAGE REPLIED THAT WE WERE ALERT TO THIS MATTER AND THE POLES SHOULD CONTINUE FOLLOWING CLOSELY.

6. COLOR TV PROJECT: A LINKAGE BETWEEN CONTRACT NEGOTIATIONS WITH CORNING AND THOSE WITH RCA WAS ASSERTED CONFIDENTIAL

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BY TRAMPCZYNSKI. FURTHER, THE BANK HANDLOWY SEEKS EXIM FINANCE FOR A SINGLE PACKAGE INCLUDING BOTH RCA AND CORNING CONTRIBUTIONS. DEPASSTSEC REPLIED THAT HE HAS NOT BEEN AWARE OF THIS LINKAGE.

7. THREE MAJOR PROJECTS: THREE MAJOR BILATERAL PROJECTS, ACCORDING TO TRAMPCZYNSKI, HAVE EMERGED: 1) RCA/CORNING CONTRIBUTION TO POLAND COLOR TV PRODUCTION 2) INTERNA-

TIONAL HARVESTER'S CONTRACT FOR HEAVY TRUCK ENGINES AND
3) GENERAL MOTORS HEAVY TRUCK PROJECT.

8. BILATERAL TRADE IN 1975 VIEWED: POLISH IMPORTS FROM
U.S. WILL BE MUCH HIGHER THAN LAST YEAR, AMBASSADOR STATED,
AND LAST 6 MONTHS' FIGURES WILL BE SWOLLEN BY GRAIN

PURCHASES. GOP EXPORTS TO U.S. HAVE ACTUALLY DECLINED,
ESPECIALLY STEEL BUT ALSO COAL. THE COAL EXPORTS WOULD BE
BENEFITED, HOWEVER, BY POLISH NEGOTIATIONS TO SHIP
COAL TO FLORIDA. POLISH SHIPS COULD THEN RETURN WITH GULF
U.S. GRAIN.

9. POLISH TRADERS' N.Y. SCHOOL CHILDREN: AMBASSADOR URGED
US TO BE INTERESTED IN APPARENT N.Y. SCHOOL BOARD ACTION
TO BEGIN REQUIRING TUITON PAYMENTS FROM ALL NON-RESIDENT
ALIEN SCHOOL CHILDREN. NEW POLICY IS IMPORTANT TO POLISH
BUSINESSMEN HERE. ARMITAGE PROMISED WE WOULD MAKE
INQUIRIES ON MATTER.

10. SECRETARY BUTZ VISIT/PROPOSED EXCHANGE OF LETTERS:
TRAMPCZYNSKI STATED THAT GOP WISHED TO SEE A "STATEMENT
ON CCC AND THE U.S. DOESN'T." ARMITAGE REPLIED THAT WHILE
NO ADVANCE ASSURANCE OF CREDIT IS POSSIBLE, WE COULD
PROBABLY AGREE ON MFN-TYPE PHRASEOLOGY IN THE DISTRIBUTION
OF WHATEVER CREDIT BECOMES AVAILABLE FOR WORLD-WIDE
SALES. KISSINGER

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